

EXHIBIT

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DATE

Feb 4, 2011

HB



montana business expansion and retention

February 4, 2011

TO: Walter McNutt, Chair, and the House Joint Appropriations Subcommittee on Long Range Planning**Re: Dept. of Labor and Industry, Incumbent Worker Training Grant Program**

On behalf of the statewide Montana BEAR Program, I am writing this letter in support of the Montana Department of Labor & Industry's budget for Incumbent Worker Training.

Since 2006, a unique partnership including Montana Economic Developers Association, Montana Department of Commerce, the Governor's Office of Economic Development, Montana Department of Labor and over 78 Outreach Specialists have worked together to coordinate the highly successful Montana Business Expansion and Retention (BEAR) program.

The Montana BEAR Program strives to meet the needs of business owners so that businesses can stay in Montana, grow and expand. The Montana Department of Labor and Industry, in particular Job Service Center staff, has played a key role in the success of this program. We partner on a variety of levels including making contacts with key businesses that would benefit from the program, interviewing business owners to learn of workforce, training, financial and educational needs and finally, to make referrals and follow-up with the business owner to initiate changes for success.

Thanks to funding HB388, the 2009 Legislature enacted the Incumbent Worker Training Grant Program to meet the documented demand employers had for incumbent worker training. Just from April 2010 to January 2011, over 476 workers and 206 businesses have received assistance and/or training from this program. Access to the program is provided by BEAR, Montana Manufacturing Extension Center and MDOC/Small Business Development Centers. Over two dozen counties had businesses that participated in the grant program.

It is a fact that business expansion and retention is an important part of the economic development process. The most growth, wealth creation and expansion capabilities exist within our homegrown businesses that were conceived, incubated and grown in Montana.

The attached 2010 Annual Report details the success of the BEAR and IWTG program in reaching the needs of Montana's business employers.

Thank you for your support for incumbent worker training.

Sincerely,

MT BEAR Program

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The Montana Bear Program is a partnership with the Governor's Office of Economic Development, Montana Department of Commerce, Montana Department of Labor, ExecutivePulse and Montana Economic Developers Association (MEDA).

ANNUAL REPORT FOR 2010

The Montana Bear Program is all about outreach, building relationships and providing resources to strengthen Montana businesses. The information that follows is a summary of the activities of Montana's outstanding business, expansion and retention team.

2010: IMPLEMENTATION OF INCUMBENT WORKER TRAINING GRANT PROGRAM

In a great example of how the results from BEAR visits coupled with data collection through ExecutivePulse can change the course of Economic Development legislation, the 2009 Legislature created and funded a new Incumbent Worker Training Program to help Montana's small businesses. Using data from ExecutivePulse collected over the first three years of Montana's BEAR Project those who testified at the legislature were able to demonstrate that more than 90 percent of business interviewed identified incumbent worker training as their greatest need.

The program, as it has emerged from the legislature, is based on the highly effective Incumbent Worker Training Pilot Project conducted by the BEAR Teams in Billings, Livingston, and Lewistown in 2008-2009.

The legislature funded the program with more than \$600,000 annually over the biennium and identified BEAR teams, Small Business Development Centers (SBDC) and Montana Manufacturing Extension Centers (MMEC) as entry points for grant applications.

Due to a lengthy rules process, the funding provided was not able to be accessed until April 2010. Even with this shortened time span, the demand for funds was obvious as applications flowed in from Montana's small business employers. Under the IWT Program small Montana businesses may apply for up to \$2000 per worker for training which will increase wages and productivity and help to guarantee continued employment. The grants are available for established businesses with less than 20 employees in any single location and not more than 50 employees state-wide.

David Morey provided the following data on IWTG progress from April 16, 2010 to January 18, 2011.

Summary and Analysis

- 476 workers/206 businesses = 2.3 workers per business
- \$438,493.88/206 businesses = \$2128.61 per business
- \$438,493.88/476 workers = \$921.21 per worker

Grants awarded by county

YELLOWSTONE	61
FLATHEAD	24
MISSOULA	22
RAVALLI	18
STILLWATER	10
LAKE	10
GALLATIN	8
ROOSEVELT	7
SILVER BOW	6
DEER LODGE	6
SHERIDAN	5

Number of workers trained per county:

YELLOWSTONE	159
MISSOULA	71
FLATHEAD	48
RAVALLI	37
STILLWATER	24
SILVER BOW	22
LAKE	21
GALLATIN	16
SHERIDAN	14
DEER LODGE	13
GRANITE	9

Grant amounts per county:

YELLOWSTONE	\$133,740.47
MISSOULA	108,499.01
FLATHEAD	40,211.76
RAVALLI	25,953.05
STILLWATER	25,118.98
SILVER BOW	17,449.00
LAKE	14,926.74
GRANITE	11,860.00
GALLATIN	9866.65
DEER LODGE	9613.96
GLACIER	9361

RICHLAND	4
PARK	4
LEWIS AND CLARK	4
WHEATLAND	3
POWELL	2
JUDITH BASIN	2
GRANITE	2
GLACIER	2
VALLEY	1
SANDERS	1
LINCOLN	1
FERGUS	1
CASCADE	1
CARBON	1
<u>TOTAL</u>	<u>206</u>

WHEATLAND	9
LEWIS AND CLARK	7
GLACIER	5
ROOSEVELT	5
JUDITH BASIN	5
PARK	4
POWELL	2
SANDERS	2
CARBON	2
FERGUS	1
<u>TOTAL</u>	<u>476</u>

LEWIS AND CLARK	8121.56
WHEATLAND	4652
PARK	3566.42
CARBON	3372.66
SANDERS	2947
SHERIDAN	2843.5
ROOSEVELT	2810
FERGUS	1481
JUDITH BASIN	1227.12
POWELL	872
<u>TOTAL</u>	<u>\$438,493.88</u>

2010 BEAR ROUNDUP

Due to restricted travel budgets, the MEDA BEAR Working Group felt it would be best to hold a webinar instead of a face-to-face Montana BEAR Roundup as in the past. While the networking was missing as well as sharing "what works" stories, the information gleaned in the hour and a half webinar, held November 15th, was practical and thorough. The webinar was hosted by Payne Financial. Over 40 BEAR Team members joined the call and learned about Incumbent Worker Training Grant Program updates from Dave Morey, MDLI; "Resources for Assisting Small Businesses with Change in Health Care Laws" from Gina Reilly, Payne Financial; and "Getting More from ExecutivePulse for your Region", Laith Wardi.

2010 DATA FROM MONTANA'S STATEWIDE BEAR PROGRAM

NEW SURVEY INSTRUMENT

In 2010, the MEDA BEAR Working Group re-constructed the retention survey tool for Montana's businesses. The new survey encourages conversation, collects important data and is streamlined for efficient information gathering.

OUTREACH STATISTICS

Montana BEAR Teams reached out during tough economic times to support and retain businesses in Montana. In 2010, 205 businesses were interviewed and assessed. The chart below right details the number of visits since the program's inception in 2006.

205 BUSINESS VISITS in 2010

<u>MONTH, YEAR</u>	<u>VISITS</u>
January 2010	8
February 2010	9
March 2010	11
April 2010	34
May 2010	32
June 2010	15
July 2010	17
August 2010	14
September 2010	24
October 2010	16
November 2010	15
December 2010	10
2010 VISITS	205

1,041 YEARLY VISITS TO DATE

<u>YEAR</u>	<u>VISIT</u>
2006	142
2007	233
2008	275
2009	186
2010	205
Total to date:	1,041

Outreach Visits across Montana by Region:

Eastern – 6, North Central – 7, South Central – 78, Southwest – 41, West – 73

Outreach Visits by County Comparisons 2008, 2009, 2010:

2008 Counties	Visits	2009 Counties	Visits	2010 Counties	Visits
Flathead County	12	Flathead County	36	Flathead County	27
Yellowstone County	81	Yellowstone County	49	Yellowstone County	49
Butte/Silver Bow	35	Butte/Silver Bow	10	Butte/Silver Bow	19
Anaconda Deer Lodge	3	Anaconda Deer Lodge	1	Anaconda Deer Lodge	4
Cascade County	46	Cascade County	12	Cascade County	2
Park County	12	Park County	7	Park County	13
Wheatland County	1	Wheatland County	1	Wheatland County	0
Musselshell County	0	Musselshell County	0	Musselshell County	1
Missoula County	4	Missoula County	4	Missoula County	23
Ravalli County	24	Ravalli County	9	Ravalli County	16
Mineral County	0	Mineral County	0	Mineral County	0
Lincoln County	5	Lincoln County	2	Lincoln County	2
Lake County	6	Lake County	1	Lake County	5
Fergus County	1	Fergus County	8	Fergus County	5
Hill County	3	Hill County	7	Hill County	0
Judith Basin County	1	Judith Basin County	0	Judith Basin County	0
Choteau County	1	Choteau County	0	Choteau County	0
Big Horn County	1	Big Horn County	3	Big Horn County	0
Carbon County	8	Carbon County	4	Carbon County	7
Stillwater County	15	Stillwater County	9	Stillwater County	8
Sweet Grass County	1	Sweet Grass County	2	Sweet Grass County	0
Broadwater County	1	Broadwater County	1	Broadwater County	2
Gallatin County	3	Gallatin County	11	Gallatin County	6
Lewis and Clark County	1	Lewis and Clark County	2	Lewis and Clark County	5
	New in 2009:	Dawson County	1	Dawson County	0
		Roosevelt County	1	Roosevelt County	1
		Sheridan County	1	Sheridan County	1
		Valley County	3	Valley County	0
		Phillips County	1	Phillips County	0
		New in 2010:			
				Richland County	4
				Granite County	4
				Jefferson County	1

The Montana BEAR Program has outstanding Outreach Specialists who are the heart of the program and make the face-to-face contact with a business.

Outreach Specialist	Records	Outreach Specialist	Records	Outreach Specialist	Records
Axtell, Nancy	2	Graetz, Kara	4	Meyers, Jessica	8
Bailey, Kathie	1	Harden, Warren	2	Michels, PhD, P.E., C.P.L., Joe	1
Bakke, Gary	1	Hardy, Barbara	1	Mohn, Shawn	2
Bennert, Tammy	3	Hartman, Kendall	14	Moody, Kathy	1
Bertolino, Joel	6	Haueter, Terri	1	Morisaki, Kim	3
Betley, Zanya	12	Helvik, Rebecca	1	Morrison, Michael D.	1
Bretz, Dustin	1	Hintz, Lorene	2	Mousley, Heather	16
Burch, Susie	1	Hughes, Mike	2	Myhre, Terry	1
Cortright, Shirley	2	Jackson, Mike	23	Nicholson, Bill	1

Cunningham, Carol	1	Jaksha, Julie	1	O'Rourke, Gloria	13
Davison, Jim	2	Jiang, Deborah	4	O'Rourke, Mike	2
Detrick, Dale	4	Jones, Roy	3	Ohman, Marilyn	1
Dews, Richard	1	Judd, Vicki	1	Palmer, George	6
Dorvall, Brenda	2	Kennedy, Barb	5	Parson, Chris	4
Edwards, Brian	50	Klaman, John	1	Patel, Amita	3
Edwards, Rick	1	Kramer, Melissa	8	Peterson, Bryan	1
Elder, Wade	2	Lafferty, Taffy	1	Rasmussen, Jodie	6
Engum, Rebecca	1	Long, Sandra	9	Reetz-Stacey, Diana	1
Erickson, Todd	4	Mahugh, Dale	1	Robinson, Wayne	1
Foster, Julie	1	Mantooth, Carrie	2	Roos, Bobbie	1
French, Glenn	1	Martell, Kari	1	Schubring, Del	8
Furniss, Patti	1	Martin, Cherelee	1	Slane, Gary	1
Gardner, DeLynn	4	McCarthy, Mora	3	Smitham, Jim	13
Giese, Bob	2	McIntyre, Randy	1	Steele, Vickie	1
Gorman, Thomas	1	McNeill, Linda	1	Strand, JR	4
		Medina, Zack	6	Vannatta, Jeremy	8
				Wolf, Jeremy	1
				Zdinak, Andy	7

Total Outreach Specialists: 79 as compared to 67 in 2009. Note: the count of records will not equal the total visits displayed due to the inclusion of multiple outreach specialists per visit.

REPORT DETAILS AND COMPARISONS

Thanks to the data gathered from BEAR Team members and entered into ExecutivePulse, numerous report details can be generated that reflect BEAR Team input, business needs, referrals and other activity.

Summary Statistics	1/1/2010 - 12/31/2010	
BEAR Team Generated Referrals:	97	
BEAR Team Successfully Closed Referrals:	75	(36 = Information driven; 39 = Project driven)
BEAR Team Time Spent (in hours):	819	

Regarding the 97 referrals generated by BEAR Teams for outreach resources:

Referral status	Count
Remain Open and In Progress	62
Successfully closed	33
Unable to close	2

Type of need addressed by the referrals:

Note: the total type of need may not equal the total number of referrals.

	Count	Percent
Domestic/global marketing and sales	7	9%
Entrepreneurship/management	17	23%
Environment/government regulations	1	1%
Financing/capital	22	29%
Information technologies	2	3%
Local government services	2	3%
Location assistance	2	3%
Operations/production	4	5%
Utility	0	0%
Workforce/training	18	24%

Industries served by BEAR Team Referral Partners:

2-Digit NAICS Code	Records	Percent	2-Digit NAICS Code	Records	Percent
11 - Agriculture, Forestry, Fishing and Hunting	7	3	48- Transportation and Warehousing, (air, rail, truck, etc.)	3	1
21 - Mining, Quarrying, and Oil and Gas Extraction	2	1	51 - Information	9	4
22 - Utilities	1	0	52 - Finance and Insurance	4	2
23 - Construction	21	10	53 - Real Estate and Rental and Leasing	4	2
31 - Manufacturing, (food, beverage, etc.)	6	3	54 - Professional, Scientific, and Technical Services	24	12
32 - Manufacturing, (wood, paper, etc.)	8	4	56 - Administrative and Support and Waste Management and Remediation S...	6	3
33 - Manufacturing, (primary and fabricated metal, etc.)	9	4	61 - Educational Services	8	4
42 - Wholesale Trade	2	1	62 - Health Care and Social Assistance	20	10
44 - Retail Trade, (motor vehicle, furniture, etc.)	14	7	71 - Arts, Entertainment, and Recreation	11	5
45 - Retail Trade, (sporting goods, book, music, etc.)	13	6	72 - Accommodation and Food Services	13	6
48 - Transportation and Warehousing, (air, rail, truck, etc.)	3	1	81 - Other Services (except Public Administration)	18	9
51 - Information	9	4	92 - Public Administration	2	1
52 - Finance and Insurance	4	2			
53 - Real Estate and Rental and Leasing	4	2			
54 - Professional, Scientific, and Technical Services	24	12			

TOP IDENTIFIED NEEDS AND STRENGTHS

Montana employers that completed BEAR surveys ranked their top five business needs in 2010:

1. Workman's Comp Reform
2. State Tax Structure
3. Health Insurance
4. Local Tax Structure
5. Access to Capital

Montana employers that completed BEAR surveys ranked their top five strengths of doing business in Montana in 2010:

1. Recreational Amenities
2. Workforce Loyalty
3. Healthcare Services
4. Colleges/Universities
5. Workforce Quality

BUSINESSES VISITED ACCORDING TO SALES:

Businesses with under \$500,000 in sales: 135
 Businesses with \$500,000 to \$1 million in sales: 28
 Businesses with \$1 million to \$5 million in sales: 35
 Businesses with \$5 million to \$10 million in sales: 3
 Businesses with \$10 million to \$25 million in sales: 1
 Businesses with \$25 million to \$50 million in sales: 2

MT BEAR TEAM REFERRAL PARTNERS

The following is a list of current referral agencies that have responded to requests for assistance in 2010:

BUTTE CHAMBER OF COMMERCE	DSTUDIO 12	MONTANA STATE UNIVERSITY-BILLING
BUTTE JOB SERVICE	FIRST INTERSTATE BANK	MONTANA TECH
CAREER TRANSITIONS	FIRST SECURITY BANK	PPL
CASCADE COUNTY	FLATHEAD ELECTRIC COOPERATIVE	SCORE
CENTENE CORP	Great Falls JOB SERVICE	SEARS HOLDINGS
CITY OF GREAT FALLS	GREEN VALLEY DESIGNS	THE CONNECT GROUP
CYNROC	HEADWATERS RC&D	TRANSTECH CENTER
MT DEPT OF COMMERCE INTERNATIONAL TRADE & RELATIONS BUREAU	JOHN P MABIE CPA	URA
MT DEPT OF LABOR AND INDUSTRY WORKFORCE SERVICES DIVISION	LIVINGSTON JOB SERVICE	WENDY J WEISSMAN CPA PC
MT DEPT OF COMMERCE	MAVERICK GROUP/CYNERGY ADVERTISING	ZEE CREATIVE
	MONTANA COMMUNITY DEVELOPMENT CORPORATION	

In Conclusion:

The BEAR program began in Billings in 2001 and spread to Kalispell, Great Falls and Butte. With the purchase of ExecutivePulse data access for the entire state in 2006, the Governor's Office of Economic Development (GOED) paved the way for the statewide BEAR (Business Expansion And Retention) Program to flourish. Now working as a partnership, the GOED, Montana Department of Commerce, Montana Department of Labor and MEDA administer the statewide program. Thanks to incredible dedication and professionalism on the part of individual BEAR teams all across the state, businesses are getting much needed support, which plays a key role in the growth and stability of Montana's economy. With the advent of Incumbent Worker Training funds, the BEAR Program has become even more essential to the success of Montana's businesses and workforce.

Respectfully submitted,

Michael and Gloria O'Rourke
Montana BEAR Statewide Coordinators

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